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# ERS NEWSLETTER

A Bimonthly Newsletter for Economic Research Service Employees and Colleagues

U.S. Department of Agriculture  
Washington, DC

Volume 5, Number 5  
Sept./Oct./Nov. 1987

## Wilson Named Assistant Secretary

Ewen Wilson has been named assistant secretary for economics. His nomination was confirmed by the Senate on Sept. 16, and he was sworn in by Secretary of Agriculture Richard Lyng on Sept. 17.

Wilson has served in USDA since 1985 as deputy assistant secretary



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for economics. He succeeds Robert Thompson, who became dean of Agriculture at Purdue U. earlier this year.

Wilson was formerly vice president for economics and statistics of the American Meat Institute (AMI). Prior to joining the AMI in 1977, he was assistant professor and extension specialist at Virginia Polytechnic Institute and State U.

Wilson also has overseas experience, having served as research fellow at the U. of Rhodesia, conservation and extension officer in the Ministry of Agriculture of Rhodesia (now Zimbabwe), and assistant farm

manager in Kenya (where he was born and brought up on his family's coffee estate).

Wilson has a B.Sc. in agriculture from the U. of London, an M.S. in agricultural economics from West Virginia U., and a Ph.D. in economics from North Carolina State U. He has published numerous monographs and papers in various academic and professional journals, including the *American Journal of Agricultural Economics*, *Public Choice*, and *Agrekon*.

Prior to joining USDA in 1985, Wilson was a member of the blue ribbon panel that reviewed USDA's statistics and economics reporting programs. He has also served on the USDA/USTR Agricultural Technical Advisory Committee on Livestock and Livestock Products, National Livestock and Meat Board's Meat and Economics Film Advisory Committee, Live Cattle Advisory Committee of the Chicago Mercantile Exchange, U.S. Meat Export Federation Board of Directors, and AMI Task Force on Wage and Price Guidelines.

## ERS Participation in AAEA Summer Meeting

ERS staff had a substantial degree of involvement at the American Agricultural Economics Association (AAEA) annual summer meeting at Michigan State U.

At the ERS-sponsored luncheon on Aug. 5, agricultural historian Harry McDean spoke on the ascendancy of agricultural economists in USDA under the leadership of H.C. Taylor.

Besides ongoing recruitment efforts, a successful reunion of ERS employees and alumni, and the ERS display (ably staffed by Eric van Chantfort), the following ERS staff were on the program:

*Invited paper authors and discussants:* **Diane Bertelsen, Gregory Hanson, and Susan Offutt.**

*Invited paper discussant:* **Kenneth Clayton.**

*Selected paper authors:* **Carlos Arnade, Ronald Babula, Nicole Ballenger, Alexander Barbarika (2), Barbara Chattin, Robert Christiansen, Roger Conway (2), Cecil Davison, Mark Denbaly, Michael Dicks, Robert Dubman, Ron Durst (3), George Gardner, Joseph Glauber, Warren Grant, Elaine Grigsby, William Hahn, Stephen Haley, Leroy Hansen, Linwood Hoffman, Thomas Holmes, James Hrubovcak (3), Kuo Huang, Maureen Kilkenny, Barry Krissoff, Linda Langner, Michael LeBlanc, Chinkook Lee, Hyunok Lee, William Lin, Karen Liu, James MacDonald, John McClelland (2), Keith Menzie, William Miller, Lester Myers, Timothy Osborn, Katherine**

[Continued on page 2.]

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**Reichelderfer, John Reilly, Marc Ribaud, Vernon Roningen, Clifford Rossi, James Ryan, Larry Salathe, Eduardo Segarra, Parveen Setia** (visiting professor from U. of Illinois), **Jerry Sharples, David Skully, John Sullivan, Philip Szmedra (2), Harry Vroomen, John Wainio, Darryl Wills, and James Zellner.**

*Symposia organizers and moderators:* **Joyce Allen, Thomas Carlin, Robert Coltrane, Daniel Dvoskin, David Freshwater, Robert House, Edward Reinsel, Neill Schaller, Kelley White, and Gene Wunderlich.**

*Symposia paper presenters:* **Mary Ahearn, Robert Christiansen (2), Loreen DeGeus, Daniel Dvoskin, Richard Heifner, Terry Hickenbotham, Robert House, Mark Newman, Carl Osborn, Donn Reimund, Lyle Schertz, and Gerald Schluter.**

*Paper selection committee members:* **James Blaylock, Neilson Conklin, Joseph Glauber, Sally Kane, William Lin, Thomas McGuckin, Mark Newman, Susan Offutt** (cochairperson), **Patricia Riely, Tanya Roberts** (topic leader), **Larry Salathe, Eduardo Segarra, and Michael Weiss.**

*Session presidents:* **Mary Ahearn, John Lee, William Lin, Tanya Roberts, Eduardo Segarra, Lyle Schertz, and Michael Weiss.**

**Kenneth Clayton and Kelley White** received an AAEA honorable mention for quality of research discovery for their publication, *Embargoes, Surplus Disposal, and U.S. Agriculture* (AER-564) (with coauthor **Alex McCalla**). **John Miranowski** was elected to be an AAEA director, 1987/88–1989/90. Also, the AAEA Quality of Research Discovery Award for “Macroeconomic Linkages, Taxes, and Subsidies in the U.S. Agricultural Sector,” *American Journal of Agricultural Economics*

(by **Gordon Rausser, James Chalfant, Alan Love, and Kostas Stamoulis**), was for research funded by ERS.

## Rural Sociological Society Turns 50

“Fifty Years of Rural Sociology: An Intellectual Heritage for Future



Policy Agendas” was the theme of the annual meeting of the Rural Sociological Society, Aug. 11–15, in Madison, Wisc.

A broad range of session topics included rural population dynamics, farm financial stress, rural poverty and income distribution, biotechnology and agricultural research, technology transfer, the role of government in agriculture and rural development, and the institutional structure of rural regions in the United States and throughout the world.

The following ERS staff were meeting participants:

*Paper authors:* **Leonard Bloomquist (2), Margaret Butler, Linda Ghelfi (2), Nina Glasgow, Thomas Hady, Fred Hines, Leif Jensen, Molly Killian, David McGranahan, Elizabeth Morrissey, Peggy Ross, Matthew Smith, and Linda Swanson.**

*Session organizer:* **Leonard Bloomquist (2).**

*Session presidents:* **Leonard Bloomquist (2), David McGranahan, and Robert Muñoz.**

*Panel participant:* **Calvin Beale.**

*Business meeting organizers:* **David Brown and Peggy Ross.**

## Regional Situation and Outlook Conference Held

The second ERS regional agricultural outlook conference was held in Denver, Sept. 15. The

conference was sponsored by ERS in association with the Western Livestock Marketing Information Project. The one-day session focused on the livestock sector, but also explored the agricultural economy in general and financial developments affecting individual producers.

ERS speakers included **Ronald Gustafson, Gregory Hanson, Michael Hanthorn, Ralph Monaco, and Leland Southard.** Leaders from agribusiness, universities, and government engaged in an open exchange of information. □

## Current Research

### Debt Forgiveness May Stimulate Economies

Forgiving some of the indebtedness of developing countries via debt rescheduling may stimulate mutually beneficial trade between developed and developing countries, according to a new report by ERS researchers **Mathew Shane (786-1705)** and **David Stallings.** A study using debts, imports, and

[Continued on page 4.]

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## Administrator's Letter – Fulfilling ERS's Citizenship Responsibilities

At the April 1986 ERS planning conference, we identified five priorities for ERS for the remainder of the 1980's. Four of them (to improve research, situation and outlook analysis, staff analysis, and data management and dissemination) dealt with program content. The fifth was to "improve ERS's effectiveness as a responsible citizen of the scientific and professional communities of which we are a part." This letter is a progress report on this priority area.



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ERS's most essential professional responsibility is to maintain our credibility as providers of objective, timely, accurate, and relevant analyses and information useful for dealing with the urgent issues of our rural industries and for improving the performance of agriculture and rural America. In this regard, I believe we have made important progress in recent years.

ERS staff have been heavily involved in AAEA affairs. We provide full support for Lyle Schertz as editor of AAEA's *Choices* magazine. Bruce Greenshields is editor of the *AAEA Newsletter* and chairs the AAEA membership committee.

Bruce also chairs the contributed papers committee of the International Association of Agricultural Economists (IAAE), has been instrumental in planning the upcoming international meeting in Argentina, and has edited three IAAE books. John Miranowski is serving a 3-year term on the AAEA board of directors, succeeding Lester Myers, who in turn overlapped Richard Heifner's term. Mary Ahearn's constructive and energetic leadership of the Committee on Women in Agricultural Economics (CWAE) helped bring that organization to maturity as one of the most useful program institutions in the mainstream of the profession. Numerous other ERS economists have also contributed substantially to CWAE. Joyce Allen has provided valuable leadership as chair of the Committee for Improving Opportunities for Blacks in Agricultural Economics. Robert Bohall chaired the AAEA Employment Services Committee and coordinated the transfer of the AAEA Employment Service from the Illinois Department of Labor to the AAEA Business Office. Numerous other ERS staff chair and serve on AAEA committees and in other categories. ERS economists' names appeared over 90 times on the program of the annual summer AAEA meeting in East Lansing, Mich., in August.

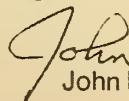
At the 50th anniversary meeting of the Rural Sociological Society in Madison, Wisc., in August, ERS rural sociologists presented numerous papers, organized sessions, and participated on panels (see p. 2). During the past year, ERS staff have also been heavily involved in other regional and national economics and agricultural economics professional meetings.

During the past 2 years, ERS financial support has assisted the work of *Choices* magazine, CWAE, and the AAEA Economic Statistics Committee. Beginning in 1988, ERS will underwrite the annual awards program of the AAEA Student Section.

To foster communications among researchers and thereby improve the efficiency and effectiveness of the rural social sciences, ERS has emphasized sponsoring, cosponsoring, and otherwise assisting in the bringing together of researchers in workshops, conferences, and other formal and informal meetings. More than 20 such ERS-sponsored or cosponsored researcher meetings have taken place this year, and about 100 since this program was initiated in 1982. A number of additional such workshops and symposia are planned, including a major conference, cosponsored with Farm Foundation, on "The Future of the Rural Economy of the Great Plains."

ERS provides cosponsorship and major financial support for the International Agricultural Trade Research Consortium (IATRC), the Great Plains Agricultural Council (GPAC), and the annual Professional Agricultural Workers' Conference (PAWC). The PAWC linkage not only helps make that important meeting possible but also provides ERS participants with an opportunity for additional dialog with our colleagues in the 1890 colleges and universities.

In a future update on this priority area, I will discuss ERS's involvement in the broader scientific community, and the large potential contribution we can make by improving access to our data.

  
John Lee



[Continued from page 2.]

exports of 79 developing countries found that the cost of forgiving some of the debt may be less than the cost of stifling the trade that follows from the debt burden.

Their research shows that, to cope with their debt repayment difficulties, many developing countries have reduced imports, a choice that has the effect of reducing per capita income and often limiting domestic industrial investment, which in turn reduces trade volume. High interest rates, declining commodity prices, and currency devaluations have thrust the greatest burden of world economic problems on heavily indebted developing countries.

Debt rescheduling, increasingly common since 1982, only superficially improves the immediate payment structure. The long-term effect of debt rescheduling will probably be to make the total cost of the debt even more expensive and to make overcoming the debt problem even more difficult.

## Policy Process Draws Heavily on ERS

Continuing debate over the performance and cost of commodity programs has generated an unusual number of studies requested by the Office of the Secretary of Agriculture, Congress, or other government agencies to provide information or analysis about policy or program alternatives

For example, three dairy studies underway are focusing on: the effect of bovine somatotropin (a protein that increases milk production) on the dairy industry; possible modifications to market



ERS is busy fulfilling requests for studies from Congress and other interested parties.

order and price support policies, including a possible national market order; and demand for dairy products by domestic and foreign consumers. [Also see "ERS To Study Dairy Product Demand," p. 5.]

Another set of such studies focuses on crop issues, including futures and options markets as alternatives to commodity programs, marketing loans, oat imports, mandatory controls on the production of basic agricultural commodities, and the costs and goals of generic commodity certificates.

ERS staff analysis coordinator Milton Ericksen (786-3309) is coordinating these studies.

## Cropland Used for Crops Declines

Cropland used for crops (harvested, failed, and summer fallowed cropland) is expected to decline in 1987 to 330 million acres,

27 million acres below last year. The peak was 387 million in 1981.

The idling of acres under farm programs figures prominently in the decline this year. Farmers are idling nearly 70 million acres, 24 million acres more than in 1986. Enrollment in the 10-year Conservation Reserve Program is now approaching 23 million acres.

These findings are reported in *Agricultural Resources: Cropland, Water, and Conservation Situation and Outlook Report*, coordinated by Merritt Padgitt (786-1403).

## ERS Studies Technology Impacts on Output

With government stocks of farm products at record levels, some people are urging the government to focus its support of research and development (R&D) on cost-reducing technologies rather than output raising technologies. Others say that reducing costs in agriculture invariably leads to increased output and still larger surpluses.

A study by ERS economist John Reilly (786-1425) shows that, with decreasing returns to scale (due to agriculture's reliance on land as a fixed factor), cost-reducing technologies will result in a smaller increase in output than will output-raising technologies. But Reilly does not anticipate large differences in their effects. According to Reilly, returns to society from R&D investment should be a more compelling criterion for deciding on government support for either cost-reducing and output-raising technologies.

## ERS To Study Dairy Product Demand

The National Commission on Dairy Policy, which is developing a report for Congress that evaluates various alternatives for future dairy policy, has asked ERS to study the factors affecting the demand for dairy products.

Critical to the commission's report is an understanding of how prices, demographics, incomes, advertising, government donations, and health concerns affect the demand for dairy products. For example, recent increases in per capita milk consumption have coincided with reductions in producer support prices, increases in advertising expenditures, real growth in consumer incomes, and increasing awareness of the

importance of calcium in the female diet.

The objectives of the ERS study are to:

- review consumption trends of individual dairy products, including differences among product forms and differences in consumption of the same product in different markets;
- identify and describe the various factors that influence demand for dairy products and provide empirical evidence of the influence of each factor; and
- assess the relative importance of the various factors affecting demand.

The commission plans to publish its report in December. Richard Haidacher (786-1862) is the ERS study leader.



Factors affecting dairy production and consumption are being studied by ERS economists at the request of Congress and other groups.

## Analyzing Agricultural Issues

ERS economists have been busy since last spring analyzing a variety of policy issues facing U.S. agriculture. The result of that analysis, coordinated by ERS staff analysis coordinator Milton Ericksen, is a series of recently published agriculture information bulletins (AIB's). These short reports, written in relatively simple language, have been receiving widespread compliments from throughout the agricultural sector.

Free copies of the following reports are available from the EMS Information Division (786-1512):

- *Choices for Implementing the Conservation Reserve* (AIB-507);
- *Assistance to Displaced Farmers* (AIB-508);
- *Economic Growth, Agricultural Trade, and Development Assistance* (AIB-509);
- *New Approaches to Financing Long-Term Farm Debt* (AIB-511);
- *Paying for Marketwide Services in Fluid Milk Markets* (AIB-514);
- *Increased Role for U.S. Farm Export Programs* (AIB-515);
- *Trade Liberalization in World Farm Markets* (AIB-516);
- *Effects of Monetary and Fiscal Policy on U.S. Agriculture* (AIB-517);
- *Challenges in Designing U.S. Farm Policy* (AIB-518);
- *Mandatory Production Controls* (AIB-520);
- *Redistributing Farm Program Benefits* (AIB-522);
- *The Policy Web Affecting Agriculture* (AIB-524); and
- *Price Parity: An Outdated Farm Policy Tool?* (AIB-531). □

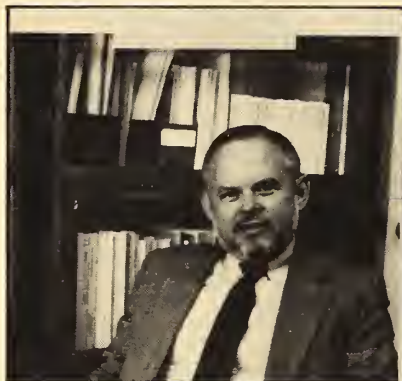
USDA



## Personnel Notes

### Long Named ARED Associate Director

Richard Long has been selected to be the new associate director of ERS's Agriculture and Rural Economy Division (ARED). He



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replaces David Brown, who is now associate director, Agricultural Experiment Station, Cornell U.

Long came to Washington in 1976 to become research director of the U.S. Senate Commission on the Operation of the Senate. He was subsequently a research associate in the governmental studies program at the Brookings Institution. While at Brookings, he worked under contract with the development policy staff in USDA's Farmers Home Administration. He later served as a consultant to USDA's structure of agriculture project.

During 1980-85, Long was staff director of the rural research and analysis staff in USDA's Office of Rural Development Policy. In 1984, he was the U.S. delegate to the Organization for Economic Cooperation and Development (OECD) conference on rural public management.

Long joined ERS in 1985 as leader of the State and Local Government Section, Rural

Business and Government Branch, ARED. He recently served as a consultant to OECD on the second phase of its rural public management project.

Long has an A.B. from Southwest Missouri State U. and a Ph.D. in political science and public administration from the U. of Missouri (Columbia). He received an ERS Administrator's Special Merit Award for an outstanding contribution to the OECD rural public management project.

### U. of California's Robinson in ERS

Sherman Robinson, professor of agricultural and resource economics at U. of California (Berkeley), is working with ERS's Agriculture and Rural Economy Division during the 1987/88 academic year to develop a computable general equilibrium (CGE) model of the U.S. economy. The model, to be based on a social accounting matrix database of the economy, incorporates the circular flow of goods and income through



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the economy with emphasis on farm households, farm structure, labor markets, land tenure, and the rural-urban population mix.

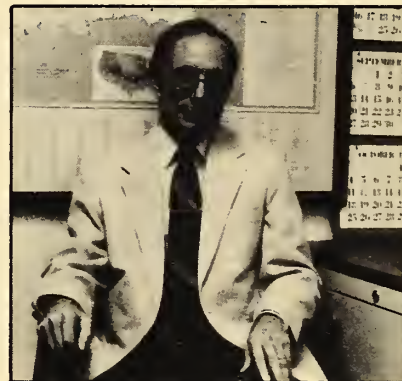
Robinson is also conducting a course for ERS economists and other area economists on advanced modeling. The course provides an overview of philosophical and pragmatic bases of economic models.

Robinson has also taught at Princeton and Harvard Universities, and the London School of Economics and has held visiting appointments at Georgetown, Johns Hopkins, and Princeton Universities, and at Sidwell Friends School in Washington, D.C. He has also worked at the World Bank for 6 years.

Robinson's research and teaching experience includes economic development, world trade, policy analysis, econometrics, and general equilibrium modeling. He is a coauthor of the textbook *General Equilibrium Models for Development Policy*.

### Washington State U.'s Barkley in ERS

Paul Barkley, professor of agricultural economics at Washington State U., is with ERS on a sabbatic leave through next



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summer. Barkley will be doing research on the distribution and transfer of landownership, and he will revisit his earlier research and writing on environmental economics.

Barkley has B.S. and M.S. degrees from Oregon State U. and a Ph.D. in agricultural economics from Kansas State U. His past research at Washington State U. has focused on rural development and resource and environmental economics. □



# Highlights of Staff Activities

## *Agriculture and Rural Economy Division*

**Mary Ahearn** chaired a career seminar, in East Lansing, Mich. • **Gregory Gajewski** presented a paper on "Agricultural Lending, Regulator Behavior, and Bank Closure in 1986" at the Eastern Economic Association meeting, in Washington, D.C. • and **Chinkook Lee** presented a paper on "Examining the Leontief Paradox in the U.S. Food and Fiber Trade" at the Western Agricultural Economics Association meeting, in Kansas City, Mo.

## *Agriculture and Trade Analysis Division*

**Christine Bolling** presented a paper on "Price Transmission Revisited: The Latin American Case," **Walter Gardiner** presented a paper on "Issues Associated with Elasticities in International Agricultural Trade," **William Kost** presented a computer graphics slide show on ERS's embargo study and computerized databases, and **Barbara Chatten, Michael Herlihy, Peter Liapis, Karen Liu, Stephen Magiera, Vernon Roningen, Nancy Schwartz, John Sullivan, John Wainio, and Kelley White** otherwise participated in the International Agricultural Trade Research Consortium meeting, in Dearborn, Mich. • **Kost** also presented the slide show at the American Agricultural Economics Association meeting, in East Lansing, Mich. • and **John Parker** discussed trends in world trade in dry beans, peas, and lentils at the Michigan Bean Shippers Convention, in Traverse City, Mich.

## *Commodity Economics Division*

**Carolyn Betts** and **Richard Fallert** were interviewed by Mark Crawford of *Science* magazine on research on biotechnology in animal agriculture • **Robert Bohall** discussed the ERS reorganization and current initiatives and priorities at a meeting of the northeast agricultural experiment station directors, in Kingston, R.I. • **Nathan Childs, Sam Evans, Joseph Glauber, and William Lin** briefed representatives from the Japanese Ministry of Agriculture, Forestry, and Fisheries on the U.S. rice industry • **Childs** also met with representatives of the Rice Council and the Rice Millers Association to discuss a survey of milled rice distribution • **Terry Crawford** participated in an Organization for Economic Cooperation and Development meeting on meat, in Paris, France • **Denis Dunham** discussed food prices at a news conference sponsored by the Food Marketing Institute, in Seattle, Wash. • **Clark Edwards** is the new economics editor of ERS's *Agricultural Outlook* magazine • **David Harvey** was interviewed for USDA's TV show "Down to Earth" on sugar production and the outlook for consumption and prices • **Ben Huang** was interviewed by a Florida TV station on the effect of Florida freezes on the U.S. citrus industry • **Lester Myers** spoke on job opportunities in the Federal Government at a career seminar, in East Lansing, Mich. • and **Tanya Roberts** testified before the Senate Committee on Agriculture, Nutrition, and Forestry on the cost of food-borne diseases.

## *Resources and Technology Division*

**Alexander Barbarika, Daniel Colacicco, Bradley Crowder, Kathleen Frevert, Richard Magleby, George Pavelis, Parveen**

**Setia, and Jack Thigpen** presented papers at the Soil Conservation Society of America meeting, in Billings, Mont. • **Stephen Crutchfield, Sally Kane, and Kazim Konyar** presented papers at the Western Economic Association meeting, in Vancouver, Canada • **Crutchfield** also led a seminar on nonpoint source pollution in U.S. coastal and estuarine waters at the National Oceanic and Atmospheric Administration, in Rockville, Md. • **Linda Lee** was interviewed on groundwater contamination from pesticides for "Focus," a public radio program • **Lee** was also named secretary-treasurer of the Southern Natural Resource Economics Association • **Utpal Vasavada**, visiting economist from the U. of Georgia, presented a paper on dynamic analysis of multicrop agricultural economies, in Budapest, Hungary • **Vasavada** also gave a paper on longrun structural models of producer behavior at the annual meeting of the American Statistical Association, in San Francisco, Calif. • and **Gene Wunderlich** participated in a discussion of Australia's land information system at the Institute for Land Information, in Washington, D.C.

## *Office of the Administrator*

**John Lee** and **Bob Robinson** participated in the International Agricultural Trade Research Consortium meeting, in Dearborn, Mich. • **Lee** also participated in a meeting of the Joint Council on Food and Agricultural Sciences, in Battle Creek, Mich., and in the Rural Sociological Society annual meeting, in Madison, Wisc. • and **Robinson** also participated in a conference on national public policy education, in Kennebunkport, Maine, and presented a paper on "U.S.-Canadian Trade Liberalization," at a seminar sponsored by the National Center for Public Policy, in Minneapolis, Minn. □

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